



STATE OF MICHIGAN

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GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LANSING

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## Office of Community Development

### NEIGHBORHOOD PRESERVATION INITIATIVE CHALLENGE GRANTS NOTICE OF FUNDING AVAILABILITY (NOFA) July 1, 2008

#### SUMMARY

In response to recent changes in market conditions in Michigan neighborhoods, the Office of Community Development (OCD) is providing up to \$1 million for Neighborhood Preservation Initiative Challenge Grants. Eligible applicants include current or previous OCD grantees who received funding for targeted housing initiatives. Applicants may request up to \$60,000 to sustain innovative, locally-driven revitalization initiatives in neighborhoods and communities where the OCD is making or has recently made a substantial investment in housing development. The Office of Community Development expects to award 15-20 grants under this program, totaling approximately \$1 million.

Through this offering, OCD is permitting targeted housing program grantees to apply for funding for activities that were formerly limited to approved Neighborhood Preservation Program (NPP) areas. The objective of this offering is to sustain innovative, locally-driven revitalization initiatives in neighborhoods and communities where the Office of Community Development is making or has recently made a substantial investment in housing development. OCD hopes to accomplish this objective by helping grantees to:

- **Maintain revitalization momentum** and **sustain neighborhood markets** to protect investments made by assisted homebuyers and other neighborhood residents
- **Identify and measurably improve existing neighborhood conditions** in core neighborhoods and communities where OCD and its partners have made substantial investments
- **Support low-income homebuyers and homeowners** in these neighborhoods
- **Sustain neighborhood-based development capacity** by helping grantees build support among current and new local donors

This NOFA includes three attachments, as follows:

- Neighborhood Preservation Program (NPP) and Neighborhood Preservation Initiative (NPI) compared.** A quick-reference guide to clarify these two programs; NPI is intended to extend some of the benefits of our NPP program to target areas and communities that have been served by the OCD's Housing Resource Fund.
- NPI Challenge Grant Application Outline.** Applicants should follow this outline closely.
- Sample NPI Results/Targets.** Successful application for funding under the NPI depends on (a) *identification and measurement of a neighborhood or community condition that needs to be improved* and (b) *adoption of a goal or target for improvement during the funding period*. This attachment includes examples of conditions that applicants might propose for improvement.



**Under the NPI, current and recent grantees for targeted housing programs apply for Challenge Grant funding for outcome-focused activities to sustain neighborhood marketability during this period of slow demand.** OCD hopes to take advantage of what its local partners have learned through years of service to their community/neighborhood—what conditions need to be addressed to enhance the neighborhood market, what will success look like, and what activities will bring about a successful result? Activities specifically designed for your target area and based on your experience may be eligible, but activities proposed must be specifically related to local needs and opportunities. Activities funded in your community may include, but are not limited to, the following:

- Neighborhood clean-up, beautification, and other volunteer activities
- Neighborhood improvements to increase the marketability of housing currently offered for sale
- Training of neighbors for neighborhood watch, advocacy for code enforcement, etc.
- Neighborhood organization activities, such as flyers, surveys, resident training, etc.
- Streetscape, landscaping, driveway improvements, etc.
- Recruiting and supporting neighborhood homeowners as mentors for new homebuyers
- Homeowner education, such as home maintenance priority-setting and training and/or foreclosure intervention activities not funded from another source (with concurrent approval from MSHDA's Homeownership Division)
- Tool use training and lending
- Other innovative, locally-driven initiatives

These activities would be eligible for a \$60,000 maximum challenge grant, requiring a match of at least 1:3 (a \$60,000 grant will challenge grantees to raise at least \$20,000 in matching funds from eligible sources; eligible sources are described below).

## **ELIGIBLE APPLICANTS**

Since activities under this notice are designed to support housing investments made by the Office of Community Development and its partners, *eligible applicants are limited to current and previous OCD grantees for targeted housing initiatives*, including:

- CHDOs and other nonprofit organizations
- Non-HOME PJ units of local government, including county governments that have been funded for targeted development and/or rehab outside of/in addition to their county allocation.
- Nonprofit organizations which have been third party administrators for targeted programs for *targeted* local government programs may be the primary applicant for these activities in the targeted area, with a letter of support from the unit of local government.

*Receipt of a county allocation grant or appointment by a county as a third-party administrator for county-wide programs does not meet the above eligibility requirement.*

## APPLICATION PROCESS

Applications should be submitted in writing (not on-line through OPAL) according to the NPI Challenge Grant Application Outline (Attachment B). Mail or hand-deliver the original application plus four copies to:

Michigan State Housing Development Authority  
Office of Community Development  
735 E. Michigan Avenue, PO Box 30044  
Lansing, MI 48909

**The first application window will be open from August 11-22, 2008, with funding announcements made no later than September 19, 2008.** Subsequent application rounds will be held subject to the availability of funds. The application review process consists of:

- Determination that the application meets ***eligibility thresholds***, and
- Scoring of the proposal based on ***evaluation criteria***.

*Eligibility Thresholds.* The following eligibility thresholds will be applied to the review of applications:

- The applicant has engaged in *qualifying housing projects*: i.e., has received funding for targeted housing development or rehabilitation from the Office of Community Development with a grant term for these activities active during the period January 1, 2003 to the present (a county-wide rehab program does not, by itself, meet this requirement).
- The applicant has completed previously funded projects in a timely manner and has cleared any outstanding monitoring findings (the grantee may have open projects in a current grant).
- The applicant has documented good standing through any necessary updates to the Partnership Profile.
- The applicant has defined an area in which the proposed activities will be conducted, and this area includes units funded by OCD through one or more *qualifying housing projects*.
- The applicant has identified one or more specific *measurable results* as goals of the proposed activity.
- The applicant has documented quantifiable *eligible match* that will directly contribute to the achievement of these measurable benefits. The match, which must be at least \$1 for every \$3 requested, *may be pending at the time of application*, but:
  - No funds will be released prior to the documentation of match; and
  - The grant award will be subject to recapture if documentation of commitment is not provided within 60 days of the announcement of the funding award.
  - If achievement of the proposed results is expected to require more than the 1:3 minimum match, the additional funds required to achieve these results should be included in the proposal, and documented as well.

*Evaluation Criteria.* Proposals that meet the Eligibility Thresholds described above will be scored according to the following evaluation criteria:

- A clear description of the project and the activities connected with it;
- A clear statement of *measurable results*, including a measurement of the current, or “base line” condition that the activities intend to address and a target for improvement of this condition;

- The amount of previous investment/targeting by the Office of Community Development in the area to be served by the proposal (will be taken from the OPAL data system);
- The adequacy of the resources requested and the matching funds documented to accomplish the proposed activities and achieve the proposed measurable results, within the proposed time frame; i.e., the likelihood that the activities proposed, if successfully completed, will successfully accomplish the measurable results proposed;
- The cost-effectiveness of the proposal, assuming the results are achieved;
- The capacity of the applicant to achieve the results proposed.

*Measurable results:* Applications must specify the measurable results to be achieved through the project if funded, including:

- A measurement of the baseline condition to be improved (with the measurement of the condition included in the application).
- A target for improvement of this baseline condition.
- A specific measurement period following funded activities during which the condition will be measured again to determine the amount of the change.
- Example: *“A measurement of the number of violations in the community’s property maintenance code visible from a sidewalk survey identified 114 violations during the 5 days from August 11-15, 2008. The survey was conducted by a team of our organization’s volunteers, accompanied by Mr. N. Spector, from the city building department. We will conduct this survey again with Mr. Spector at the conclusion of activities funded by this program during the week of July 1, 2009. Our goal will be to reduce the number of violations counted to fewer than 57, or a reduction in violations of at least 50 percent.”* Where feasible, the measurement should be in actual numbers, or numbers and percentage change, and not just expressed as a percentage change.
- Compare the example above with the following, which would not be a satisfactory measurement: *“If funded, we will measure the number of violations in the community’s property maintenance code. Our goal will be to reduce the number of violations by 50 percent within one year.”*

A list of suggested measurable outcomes is included as Attachment C. This list is representative of possible proposed outcomes; these are examples only; applicants should specify results that are appropriate to the project and community.

## **MATCH REQUIREMENT**

**Grantees must be able to document a match of at least 25 percent of the total project cost from local sources (a minimum of \$1 leveraged for every \$3 applied for).** *Since a major purpose of this offering is to create incentives for local funders to contribute to your organization, cash match contributed to your organization, especially from new local sources or for new programs, is preferred.* However, the following additional sources are eligible:

- The applicant’s own staff time specifically directed at quantifiable results from your funded activity as long as it is not funded by MSHDA, including staff time required to gather data for the baseline conditions to be described in the application
- Quantifiable non-cash contributions from other local partners, subject to MSHDA approval

- Volunteer time donated to the activity to be funded at a maximum of \$10/hour, as long as the work is being performed on public property or on property that is neither owned nor occupied by the volunteer or a family member of the volunteer

The following forms of additional support for a proposed activity may not be counted as match:

- Funding or staff time paid by any MSHDA sources, such as OCD developer fee proceeds, LINKS funds, grants or loans from other MSHDA sources, CDBG program income, etc.
- The pro-rated share of in-kind contributions from the grantee other than staff time (the pro-rated share of contributed rent, office supplies or other administrative costs)
- The neighborhood's pro-rated share of community-wide municipal or other services (e.g., the value of the neighborhood's trash collection, police protection, etc.)

Applicants may propose pending match commitments, but no grant funds will be released until these commitments are documented. OCD expects to recapture grant funds if pending commitments are not documented within 60 days of grant award.

If the applicant believes that achieving the proposed results requires more than the minimum match, the applicant must quantify that amount and indicate the documented or pending commitment of those funds as well.

The minimum 1:3 matching commitment is a threshold requirement. Applications will not be approved without this match, at least in a pending form.

For applicants that meet the threshold requirement, applications will be scored on match based on the extent to which grant funds and match together are judged by MSHDA to be sufficient to achieve the proposed measurable results. Depending on the grant activities proposed, applicants may need to document substantially more than the minimum required match in order to be awarded maximum points for match.

## **PROGRAM PERIOD**

Funded activities typically extend 12-18 months from the beginning of the grant term. Applicants should plan activities that can be completed within that time or for which continuation funds can be identified from sources other than MSHDA. *If this Initiative is extended beyond MSHDA's 7/1/2008-6/30/2009 fiscal year, application for funds to continue activities that were initiated with funding from this offering will not be considered.* If the proposal involves the launch of a program that will require contributions of funding continuing past this time period, the applicant should explain how this program will continue, absent MSHDA funding, without being a long-term drain on the grantee.

**ATTACHMENT A: NEIGHBORHOOD PRESERVATION PROGRAM (NPP)  
AND NEIGHBORHOOD PRESERVATION INITIATIVE (NPI) COMPARED**

<b>Program Elements</b>	<b>Current Neighborhood Preservation Program (NPP)</b>	<b>Neighborhood Preservation Initiative (NPI)</b>
<b>Description</b>	Affordable housing development and/or rehabilitation with neighborhood improvement, beautification, infrastructure, resident education and neighborhood management and marketing activities	Neighborhood improvement, beautification, infrastructure, resident education and neighborhood management and marketing activities
<b>Maximum funding</b>	\$500,000 (including \$300,000 for housing development, \$200,000 for non-housing improvement).	\$60,000 for non-housing activity
<b>Match requirements</b>	Matching requirements per normal HRF housing components; sufficient additional leveraged funds to achieve revitalization results	At least 25 percent of funding needed for all activities (\$1 local per every \$3 of MSHDA funding); sufficient add'l funds to achieve proposed results
<b>Eligible match</b>	Per specific component. PJ match required in local HOME Participating Jurisdiction.	Cash match from local funders; cash or staff time from grantee; funding from other state or federal sources. Staff time (grantee or donated by others) required to measure the condition to be improved for the application is an eligible form of match. Volunteer time is eligible at \$10/hour, as long as the volunteer is working on public property or property owned and occupied by other persons who are not family members. Funding from other MSHDA divisions is not an eligible form of match.
<b>Eligible areas</b>	NPP target areas approved by the Office of Community Development through the NPP pre-application.	Previously approved NPP target areas and other target areas with a substantial previous investment in housing development by the Office of Community Development (such as ADR and/or HPR activities, or targeted rental or homeowner rehab).
<b>Pre-requisites</b>	Approved NPP pre-application designating target area with housing inventory and approved Neighborhood Preservation Plan, along with a concurrent application for housing development.	Track record in target area of successful housing production with funding from the Office of Community Development for housing since 1/1/2003. The application must identify an outcome or result that will positively impact the neighborhood and set a target for improvement through the funded activities, by a target date. Current housing development activity under HRF is not required.
<b>Funding sources</b>	HRF: HOME (for housing) with MSHDA non-federal funds (for non-housing activities), or CDBG for all activities in non-entitled areas	MSHDA HRF funds, as appropriate

**ATTACHMENT B:  
NEIGHBORHOOD PRESERVATION INITIATIVE CHALLENGE GRANT  
APPLICATION OUTLINE**

Applications for funding under the Neighborhood Preservation Initiative Pilot should be submitted by mail or hand-delivered with an original and four copies to:

Michigan State Housing Development Authority  
Office of Community Development  
735 E. Michigan, PO Box 30044  
Lansing, MI 48909

Applications should be:

- No more than 4 pages, and
- one attached budget page (plus letters of commitment, as appropriate), and
- a one-page map of the target area, and
- a one-page summary of the qualifications of personnel to be involved in the project.

A completed application should be no more than 7 pages, not counting letters of committed funds (to be attached to the budget) and any material necessary to be submitted to update the Partnership Profile. Videos, brochures and other attachments will not be reviewed. Applications should be in no smaller than 10-point font and should have at least 1" margins (i.e., the font and format of this page). Applications should follow the following format. Items 1-7 should be no more than 4 pages.

1. Description. An overall description of the proposed activity in no more than 50 words.
2. A Narrative Program Description, including a description of the activities to be conducted.
3. Definition/brief description of the target area, including a summary of housing development activity previously undertaken by the applicant through funding provided by the Office of Community Development within the target area.
4. Measurable result to be achieved.
  - a. A clear statement of the result to be measured
  - b. A measurement of the baseline condition on a specific date or period
  - c. A goal for improvement by a specific date or period in the future, at or near the end of the proposed funding period
5. Positive outcome.
  - a. A description of the benefits to the target area which would result from the achievement of the goal
  - b. To the extent appropriate, any further explanation of how accomplishment of the goal will result in these benefits
6. Resources. A description of how the resources requested and committed as match are adequate to achieve the proposed goal within the time frame specified by the applicant. Include any necessary explanatory information about required match, including pending match commitments, in this section.
7. Capacity. A description of the staff, volunteer, and other resources that will maximize the likelihood that the goal will be accomplished (experience, training, etc.).

8. Attachments

- a. Project Budget; one page plus letters of commitment (use the format on the next page)
- b. Map of the Target Area; one page
- c. Personnel Qualifications: one page
- d. Partnership Profile updated material; as needed.

Applications are due between August 11-22, 2008. Other application rounds will be announced after October 1, depending on the availability of funds.

Applications will be reviewed by staff of the Office of Community Development and other MSHDA reviewers, as appropriate, with decisions made by September 19, 2008. Every effort will be made to have agreements in place with successful applicants by October 1, 2008. All match listed as "pending" at the time of application must be committed by December 1, 2008 (i.e., 60 days after the date of the award), or the award is subject to recapture.



**NEIGHBORHOOD PRESERVATION INITIATIVE CHALLENGE GRANT BUDGET:  
USES OF FUNDS FOR THE PROJECT**

Complete this budget and include as Attachment A of the application. Add additional lines as necessary. Show the cost of any staff to be paid by this project by name of each individual staff person. All matching support, including donated services, is presented as a dollar amount. The value of donated services is counted at \$10 per hour. Include all resources required to achieve the goal for results in the application, but matching funds must be at least \$1 for every \$3 requested. Note that the applicant's own funds from other sources may be counted as match, but leveraging support from other local partners is encouraged. For each source listed as "Committed" from an outside source, attach documentation. In column 4 below, indicate whether the source of match is coming from current funds (i.e., by redirecting funding already in the applicant's operating budget).

1. Type of Expense	2. Amount to be paid from funds under this application	3. Amount to be paid from matching funds	4. Indicate whether match is committed or pending	5. Likely source of matching funds (if from existing budget, indicate "applicant.")	6. Total Cost
<b>TOTAL</b>	<b>(a)</b>	<b>(b)</b>			<b>(c)</b>

(a) equals the total applied for, not to exceed \$60,000

(b) must be at least 1/3 of the total in (a)

(c) equals (a) plus (b)

**ATTACHMENT C:  
SAMPLE NEIGHBORHOOD PRESERVATION INITIATIVE  
RESULTS/TARGETS**

Below is a sampling of outcomes, including many drawn from reports by OCD grantees and partners. The bullets underneath each specific result are *examples* of possible indicators to be used to measure these results (i.e., “we know we have increased resident empowerment as evidenced by [bulleted indicator].” These results and indicators are only examples, drawn from reports received thus far. Use results and indicators appropriate to the proposal:

Private Investment (beyond the amount required for match)

- Dollar amount from assisted property owners (HO, RR)
- Dollar amount of special assessment of downtown businesses
- Value of local Habitat improvements

Population in target area

- Number of people living in closer proximity to neighborhood services
- Number of people living in closer proximity to employment
- Sales volume of local businesses
- Population increase in the target area

Property values

- Change in property values

Attractiveness of target area to young professionals

- Number of new residents who are young professionals

Improved quality of housing units

- Number of existing housing units brought up to code
- Number of units meeting HQS

Improved safety for residents

- Number of code violations addressed

Rate of owner-occupancy

- Percentage of owner-occupants before and after
- Number of successful new homebuyers
- Percentage of income from assisted new homebuyers for housing
- Number of new homebuyers in affordable conventional first mortgages

### Resident empowerment

- Specific problems identified by residents at the beginning of the project that have been effectively addressed with quantifiable results
- New events, initiatives, etc., led by neighborhood residents
- Change in perception of community needs
- Change in participation in neighborhood activities not funded through this grant

### Safety

- Changes in the number of various incidents of crime
- Changes in the perception of safety by residents

### Economic activity

- Number of new businesses
- Number of new jobs
- Change in number of rental units, rental income to property owners
- Change in the number of building permits

### Beautification/Code Enforcement

- Change in the number of blight calls
- Change in the number of existing code violations
- Change in the number of blighted properties
- Change in the number of uninhabitable homes

### Resident sustainability

- Number of successful new homebuyers
- Change in duration of rental tenancy
- Change in typical market rents

### Use of neighborhood parks

- Change in number of residents using parks

### Neighborhood Image

- Change in median income of neighborhood residents
- Change in perception of area by local Realtors
- Change in occupancy rates in apartments